

## How do labor and management view collective bargaining?

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Since the passage of the National Labor Relations Act in 1935, collective bargaining has been the primary means by which U.S. workers can collectively negotiate terms and conditions of employment with their employer. Currently, more than 100,000 contracts are in effect, covering approximately 9 million workers and their employers in the private sector.<sup>1</sup> (An additional 8 million workers are covered under labor agreements in the public sector.) Despite the importance of collective bargaining, the number of workers covered under bargaining contracts has steadily declined for nearly four decades.

While very little national, public debate has occurred regarding the future of the institution of collective bargaining, a less easily observed debate is occurring in practice, as parties either explore cooperative innovations or resort to adversarial extremes. This report presents evidence that the "debate in practice" is far from resolved. It draws on a new national survey of labor and employer representatives to provide a snapshot of current collective bargaining in the United States.<sup>2</sup> This report examines the pressures affecting labor and management involved in negotiations, the issues most frequently addressed in bargaining, the role of the contract deadline, pressure tactics used by unions and employers to influence the process and its outcomes, and the quality of the relationships, as well as the direction and pace of change

in labor-management relations. The results are directly relevant to several critical public policy issues, including the role of striker replacements and the nature of bargaining in first-contract cases.

### The survey and sample

The data reported here are from the first national random-sample survey of union and management negotiators, conducted under the auspices of the Federal Mediation and Conciliation Service as partial fulfillment of requirements under the Federal Government's National Performance Review initiative.<sup>3</sup> In 1993, President Clinton asked all Federal agencies to conduct a National Performance Review, designed to assess the needs of their customers and to ensure continuous improvement in the delivery of services and products to these customers.

A stratified random sample of 1,050 contracts was constructed from the 60-day contract expiration notices (90 days in the health care industry) that are sent to the Federal Mediation and Conciliation Service, as well as the new bargaining unit certifications for first-contract negotiations. A telephone survey was then administered by the Center for Survey Research at the University of Massachusetts-Boston. A 3-year period—from April 1, 1993 to April 1, 1996—was chosen because the average contract duration in the Federal Mediation and Conciliation Service database is 34 months. The 3-year period assures that contracts of different lengths would be included in the sample. The sample was stratified by size (half the sample is drawn from contracts with 250 or fewer bargaining units and half from larger units) and by whether or not the parties used the mediation and conciliation service for mediation in their most recent negotiations. Two-thirds were users of mediation and one-third did not use mediation in their most recent round of negotiations.

The chief negotiator in the collective bargaining process was identified and interviewed. Among those not responding, 13 were not eligible, given the sampling criteria; 86 could not be located; 2 could not be interviewed due to language difficulties; 97 could not schedule an interview during the time available for the study; and 82 declined to be interviewed. The final sample therefore consists of 777 union respondents and 780 employer respondents—a combined total of 1,557, or a response rate of 74.6 percent.

To account for the oversampling of large units and of users of the Federal Mediation and Conciliation Service, as well as the slightly different union and management response rates, data were weighted by size, by users/nonusers of the service, and by union or management affiliation. The statistics are weighted so as to increase the degree to which they can be assumed to be reflective of the collective bargaining population as a whole.

With some exceptions, the weighted sample (an average of union and management responses) closely matches the industry distribution of unionized firms in the country (excluding railroads and airlines), as shown below:

<i>Industry</i>	<i>Percent in sample</i>	<i>Percent in population</i>
Mining .....	0.6	0.9
Construction .....	8.6	9.2
Petrochemicals .....	.9	.7
Manufacturing .....	45.0	41.0
Transportation .....	2.9	4.0
Communications ...	2.5	1.6
Electricity/ natural gas .....	3.0	1.6
Retail/wholesale/ services .....	25.9	30.7
Maritime .....	.1	.4
Health care .....	8.	6.8
Food manufacturing processing .....	1.0	3.1

Forty-five percent of the sample is in manufacturing, which is both a large and

See authors' identification on page 31.

heavily unionized part of the private sector. The next three largest portions of the sample are retail, wholesale, and service operations; health care; and construction. The balance of industries or sectors account for relatively small portions of the sample, just as they account for relatively small portions of the unionized workforce. Thus, the sample reflects the population of bargaining units on file at the Federal Mediation and Conciliation Service, with the proviso that manufacturing and health care industries are somewhat overrepresented and retail and wholesale services are underrepresented. The stratification, by design, over-sampled bargaining units with 250 workers or more and, therefore, the average size of the bargaining units in the sample (554) is considerably larger than the average bargaining unit (131) in the contract data base at the Federal Mediation and Conciliation Service.

Following is a demographic profile of participants in the study:

	<i>Percent</i>
Men .....	89.5
Management .....	90.5
Union .....	88.5
Women .....	10.5
Management .....	9.5
Union .....	11.5
Age:	
Under 40 years .....	11.0
40–54 years .....	54.0
55 and older .....	35.0
Years of experience	
as a representative:	
Under 10 years .....	28.7
Management .....	29.1
Union .....	28.7
10–20 years .....	38.3
Management .....	35.9
Union .....	41.9
More than 20 years ...	32.9
Management .....	34.9
Union .....	29.2
More than 30 years:	
Management .....	5.9
Union .....	10.3
The distribution of female respon-	

dents was virtually identical in small (under 250 employees) and large bargaining units (10.4 percent and 10.8 percent respectively). Overall, the sample contains a fairly even distribution based on years of experience as a labor or management representative. Although there are more management negotiators with more than 20 years of experience, note that the subset of negotiators with more than 30 years of experience has more union representatives than managers. These demographics not only help interpret the findings, but also present a profile of the lead negotiators in today's labor-management bargaining.

### **Influences on collective bargaining**

We begin with a look at the factors union and management leaders say heavily influenced their most recent round of collective bargaining negotiations. Respondents were asked to choose whether each of 17 factors “heavily influenced,” “moderately influenced,” “slightly influenced,” or “not at all influenced” the collective bargaining process. This analysis uses the percent of union and management respondents who identified factors that “heavily influenced” their most recent negotiations. This method provides insight into what union and management negotiators see as the pivotal factors affecting bargaining today.

No single factor stands out as heavily influencing bargaining by more than half of the respondents and most factors were only perceived as a heavy influence by less than 20 percent of the respondents. (See chart 1.) The top factors for union respondents were “fringe benefit pressure” and “falling real wages,” followed by “low trust,” and “fear of job loss.” Union and management respondents differed widely in their perceptions of these four factors. However, the next three factors—“domestic competition,” “pressure for work rule flexibility” and

“concern for the future of the union”—were seen as heavy influences by the same or similar percentages of union and management respondents. Interestingly, both parties rate domestic competition as a fairly important factor (indeed this is one of the top two factors for managers), yet international competition is seen as much less pivotal. While internal union and management disagreements were not generally seen as heavy influences in negotiations, note that the responses on these two items are exactly reciprocal—with union respondents discounting their internal disagreements and management respondents having the same response on their own internal disagreements.

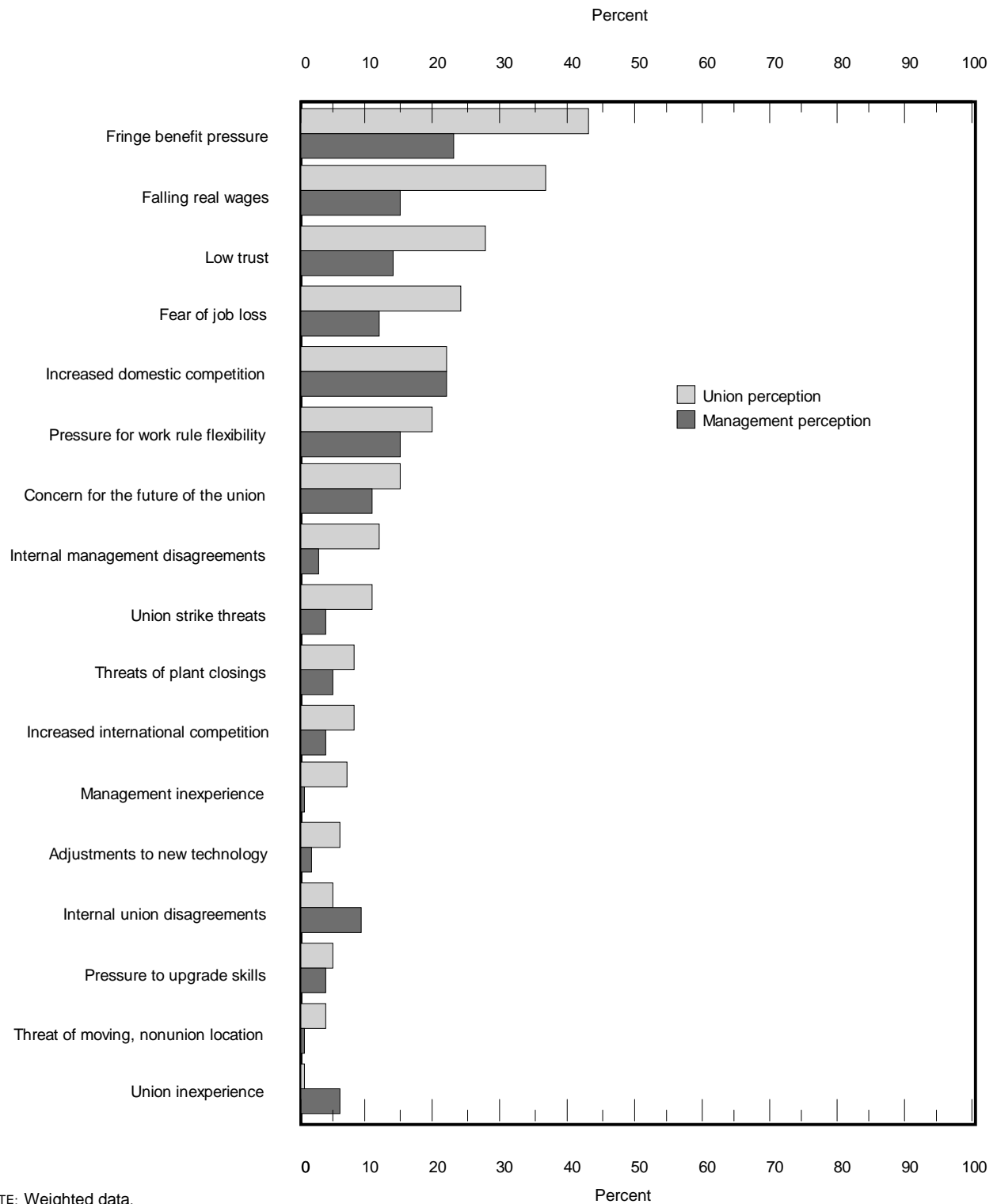
These data indicate that no one factor is pivotal in a majority of negotiations. Of the factors that are given relatively high rankings as “heavily influencing” negotiations, most center on the economic context, which suggest that specific economic circumstances need to be examined to understand any particular collective bargaining setting. “Low trust” is deemed important by sufficient respondents that it too should be a key factor to take into account during negotiations.

Union respondents see almost all of the factors as more influential than do their management counterparts. This suggests that union and management negotiators are viewing the process through different lenses—a finding that is examined later in this report. It also suggests that union leaders see themselves as being under a broader range of pressures, and that these pressures are more severe than the pressures perceived by management counterparts.

### **Agenda items and agreement outcomes**

Not all issues raised during the collective bargaining process end up in the resulting labor agreements. The types of

**Chart 1. Union and management perceptions of factors 'heavily influencing' negotiations, 1993–96 round of bargaining**



NOTE: Weighted data.

issues raised provide an insight into the agenda of labor and management. The issues on which agreements are subsequently reached provide an insight into the relative power of the parties, as well as the areas of mutual agreement. The survey questioned respondents about their experience with 13 issues—whether each issue was discussed and, if so, was an agreement reached. The responses yield the total proportion of cases in which the issue was “on the table” in collective bargaining, and indicate the likelihood of agreement once an issue is placed on the table. (See table 1.)

On nearly all issues, union and management respondents are in close agreement regarding discussions of items in their most recent negotiations. There are some differences, however, in the degree to which one party or the other reports an issue as part of the final agreement.<sup>4</sup> When a gap exists between union and management responses, it is perhaps not surprising that the party reporting a higher frequency of agreement on an issue is also the party for whom this issue is most favorable. For example, a higher proportion of union respondents report agreements on job security, higher proportions of management respondents report agreements on work rule flexibility.

**Wages and benefits.** Either labor or management may place wages and benefits on the agenda, generally, with labor proposing increases and management proposing no increases or decreases. As table 1 shows, relatively few agreements reported reductions in base wages (3 percent for unions; 4 percent for management), although more than one-third of the negotiations discussed such reductions. Benefit reductions were discussed in nearly two-thirds of the negotiations and were much more likely to be incorporated into final agreements. Approximately 20 percent of agreements included some form of benefit reductions. Although there is close alignment between union and management responses regarding wage and benefit reductions,

the management respondents were almost twice as likely to report a wage freeze, compared with the tendency of union respondents (21 percent versus 12 percent). This suggests that management is putting its own agenda on the table with some frequency, and is focusing on reducing the rate of increase of labor costs.

Wage increases were proposed in virtually all of the negotiations and achieved in nearly all cases (more than 94 percent). Benefit increases were also proposed in the vast majority of negotiations (more than 92 percent), and were achieved in about two-thirds of the cases. In fact, union and management hold different views on this issue—union respondents reported benefit increases in 70 percent of the cases, while management respondents reported increases in only 56 percent of the cases.

**Job/union security.** Approximately half of the negotiations featured discussions of job security; however, far fewer agreements were reached on this issue. (See table 1.) Union respondents reported agreements in 28 percent of the

negotiations, compared with 11 percent for management respondents.<sup>5</sup> Issues relating to union security were on the table in slightly less than half of the negotiations, with a similar variation between union (26 percent) and management (12 percent) respondents.

**Committees.** Approximately 1 in 3 negotiations involved discussion related to joint labor-management committees, with between one-quarter and one-fifth of the negotiations involving an agreement about such committees. Joint initiatives on health and safety were more common, with the issue on the table in about 60 percent of the negotiations. Agreements were reached on health and safety committees in more than one-third of the negotiations.

**Other agenda issues.** Much variation exists in the degree to which new work arrangements are placed on the agenda and incorporated in agreements. Approximately two-thirds of the negotiations involved discussions of changes in work rules to increase flexibility (work rule flexibility), with agreements reached

**Table 1. Union and management perceptions of issues discussed and incorporated in final agreements, 1993–96 round of bargaining**

[Weighted data in percent]

Issue	Discussed		Agreement	
	Union	Management	Union	Management
Wages and benefits:				
Base wage reduction .....	39	40	3	4
Benefit reduction .....	63	60	21	26
Wage freeze .....	52	54	12	21
Wage increase .....	99	99	95	94
Benefit increase .....	94	91	70	56
Employment security:				
Job security .....	55	52	28	11
Union security .....	43	39	26	12
Committees:				
Labor-management committee .....	34	31	23	15
Health and safety committee .....	59	60	43	29
Work arrangement:				
Team-based work system or job rotation .....	25	32	11	9
Worker participation .....	34	33	14	16
Work rule flexibility .....	58	63	22	39
Pay for knowledge, profitsharing, or gainsharing .....	34	35	13	12

in approximately one-third of these cases. (See table 1.) Management was more likely to report such agreement (39 percent), than was labor (22 percent). Other agenda issues include team-based work system or job rotation, increased worker input in management decisions, and alternative pay systems (pay for knowledge, profitsharing or gainsharing). All of these items were on the agenda in approximately one-third of the negotiations. Agreements were reached on worker participation in about 14–16 percent of negotiations, with agreements on new pay systems in 12–13 percent of the negotiations and agreements on team-based work systems and job rotation in 9–11 percent of the negotiations. Thus, these three aspects of new work systems are put on the table less frequently than traditional economic and work rule issues and agreements are reached in less than half the instances in which these items are discussed.

Agenda items and agreements regarding traditional wage and benefit increases generally span all or nearly all negotiations in the collective bargaining process. Further, a number of management concessions are on the agenda in at least half of the negotiations, with agreements in about one-quarter of the negotiations. The same pattern holds for job security, suggesting that both management and labor are proposing items that the other party would probably prefer not to have on the agenda. Elements of new work systems are on the agenda in about one-third or fewer negotiations, with agreements on these matters in only about 9–16 percent of the cases. The picture that emerges features pockets of innovation, along with a high proportion of traditional activity.

## Agreements and impasses

Historically, the threats of a strike and the imminent contract expiration deadline have been central features motivating the parties to reach agreements in collective bargaining. But in recent

years, there has been evidence of negotiations continuing long after contract expiration dates and of a diminished impact associated with strike threats.<sup>6</sup> At the same time, employers have become more pro-active by threatening to use replacement workers or threatening to relocate or close operations if a strike occurs.<sup>7</sup> The role of these delays and threats is discussed below—with respect to contract renewal cases and first-contract negotiations.

*Delays and strikes.* About 59 percent of union respondents and about 53 percent of management respondents report that settlements occurred within 1 month of the contract expiration date. Approximately one-third of the union respondents and about one-quarter of the managers report settlements were reached more than 30 days past the contract expiration date. The balance is divided among early settlements (3.6 percent union; 5.7 percent management) and first contracts (6.9 percent union; 9.0 percent management).<sup>8</sup> Traditionally, the approaching contract deadline was presumed to help focus negotiations, because movement past the deadline introduced the risk of a strike. However, the data suggest that there may be some uncoupling of strikes, deadlines, and delays.

A total of 4.0 percent of union and management respondents report strikes. The frequency of strikes is higher in first-contract situations, with 6.1 percent of union respondents and 11.4 percent of managers reporting strikes in first-contract cases (in contrast with 3.8 percent of unions and 3.1 percent of managers reporting strikes in renewal situations).

While we do not know the exact duration of strikes, a fairly high percentage of the strikes were resolved within 30 days of contract expiration. Among union respondents, strikes occurred in 2.9 percent of all settlements that were within 30 days of contract expiration. This compares with strikes erupting in 3.2 percent of settlements that occurred

more than 30 days after contract expiration. The pattern is similar among managers, with 1.7 percent of agreements within 30 days of expiration involving a strike and 2.9 percent of settlements after 30 days involving a strike.

These data indicate that from one-quarter to one-third of negotiations continue more than a month past the contract expiration without a strike. These cross sectional data do not allow us to determine whether the uncoupling of contract deadlines and settlements is a new development. However, a study, using the Bureau of Labor Statistics sample of bargaining units with 1,000 or more employees, reported a 13-percent rise in the number of negotiations settled past the contract expiration date in the 1980s (from that in the 1970s), and that 23 percent of the negotiations are settled more than 1 month after the contract expiration date without engaging in a strike.<sup>9</sup> Still another recent study, involving data from the central Michigan region during the 1987–91 period, found that 55 percent of negotiations lasted longer than 30 days past the contract expiration date.<sup>10</sup> Thus, whether or not these delays are a recent development, the three studies suggest they are relatively frequent occurrences during the collective bargaining process.

*Threats and use of replacement workers.* The threat and use of replacement workers has been an important, controversial issue among practitioners, policymakers, and academia. Employers view replacement workers as a necessary workforce that will maintain business operations during a labor stoppage; unions and their members perceive replacement workers as a fundamental violation of a presumed social contract in the workplace.

In assessing the role of striker replacements in the bargaining process (like the role of the strike itself), it is important to consider both the *threat* and the actual *use* of replacements in negotiations and during a work stoppage. Union respon-

dents may be slightly more likely to perceive a threat of replacement workers than are management. Far more important, however, the data point to a contrast between first-contracts and contract renewal negotiations, as shown in the following tabulation (in percent):

	Union	Management
Threats:		
First contracts .....	14.3	12.9
Renewal contracts ...	14.6	10.6
Use of replacement workers (if threatened):		
First contracts .....	28.6	25.0
Renewal contracts .	4.2	14.9
Threat of strikes:		
First contracts .....	4.1	2.9
Renewal contracts .	12.6	4.1

Approximately 14 percent of union respondents perceive that contract renewals involve the threatened use of replacement workers and about 13 percent of managers report such threats. The pattern is similar in first-contract situations, with 15 percent of union respondents reporting such threats and 11 percent of managers doing so.

While the threat to use replacement workers is similar in first contract and renewal situations, the actual use of replacement workers in first contracts is substantially higher. In first-contract situations in which the use of replacement workers is threatened, union respondents reported the actual use of replacement workers in approximately 29 percent of the negotiations. This contrasts with only about 4 percent of the cases reported by union respondents in renewal negotiations. For management respondents, the contrast was in the same direction, but not as strong: nearly 15 percent reported use of replacement workers in renewal situations, and 25 percent reported such use in first-contract negotiations.

The data in the above tabulation indicate that the threat of replacement workers is at least twice as likely and possibly as much as 7 times as likely to be carried

out in first-contract negotiations than in renewal negotiations. This suggests that these negotiations operate in a much more adversarial and volatile context. Note as well that the threat of a strike is much less likely in a first-contract situation. As a result, we conclude that first-contract negotiations are more likely to be conducted under the shadow of very serious management threats and the risk of at least some of the threats being carried out is substantially higher.

*Threats to close or move.* While the threat to use replacement workers has been a key source of debate, it is not the only threat that employers use in negotiations. Management threats to close a facility or to move to a nonunion operation are similarly controversial. Among the union respondents, 7.9 percent report that threats of plant closing heavily influenced negotiations, compared with 5.0 percent of managers who responded. (An additional 17.5 percent of union respondents and 5.7 percent of managers report that such a threat moderately influenced negotiations.) This means that 1 in 4 union negotiators sees some degree of threat along these lines, while only 1 in 10 managers reports making such a threat or implying that such a threat exists.

When it comes to threats to move to a nonunion location, 3.6 percent of union respondents reported that such a threat heavily influenced negotiations, and an additional 7.7 percent reported that this threat moderately influenced negotiations. Among employers, just 1.1 percent reported the threat to move to a nonunion location as a heavy influence and an additional 3.9 percent reported a moderate influence. Thus, the threat to close a plant is more common than the threat to move to a nonunion location, and union representatives are more likely than employers to perceive that such threats are being made.

If first-contract and renewal negotiations are compared, we see again that first-contract negotiations are more likely

to operate in the shadow of plant-closing threats. Among union respondents, 47.0 percent reported a heavy (or moderate) influence of such threats in first-contract negotiations, compared with 25.0 percent in renewal situations. Among managers, 15.9 percent reported threats of plant closings in first-contract negotiations as having a heavy (or moderate) influence, while only 8.7 percent reported this threat in renewal negotiations.

By contrast, the threat to move to a nonunion location is a less likely factor in first-contract negotiations than in renewal negotiations. Only 6.3 percent of union respondents reported that this threat had a heavy or moderate influence on negotiations in first-contract situations; 12.7 percent reported the same degree of impact in renewal negotiations. Among managers, this threat was not a factor in any of the first-contract negotiations, but it was reported in 5.9 percent of the renewal negotiations.

The above findings suggest that management threats are clearly a part of the current collective bargaining landscape, but variation exists in the situations for which these threats are utilized. Among those negotiations in which both parties reported the threatened use of replacement workers, none featured either a threatened plant closing or a threatened move to a nonunion location. Also, first-contract negotiations involve distinct patterns of management threats. Compared to renewal negotiations, first contract negotiations are more likely to involve threats to use replacement workers or to close the plant and less likely to involve a threat to move to a nonunion location.

## Experience with interest-based bargaining

So far, the analysis has focused on union and management threats, but the U.S. collective bargaining landscape is not dominated solely by power dynamics. A number of high profile negotiations have featured various forms of formal prob-

lem solving and collaboration. Conferences and seminars offering training in innovative, integrative approaches to collective bargaining have become very popular.

A number of specific agreements demonstrate new approaches to bargaining. In 1998, for example, all of the major health care facilities in the Minneapolis area used a problem-solving approach to bargaining with the nurses to reach an agreement on critical issues involving staffing and professional development. Similarly, a multi-employer consortium of San Francisco hotels and their unions used an interest-based bargaining approach to address key issues regarding customer satisfaction, staffing, and pay. American Eagle (the commuter subsidiary of American Airlines) and the Air Lines Pilots Association (representing the pilots) used a problem-solving approach to hammer out a 15-year agreement that tackled complex issues about career paths for pilots and labor peace for the employer. At a James River facility in Naheola, Alabama, the interest-based bargaining process has enabled the parties to effectively implement a team-based work system.

The examples of innovative bargaining approaches are important, but it is also useful to know how widespread these approaches are in bargaining situations. Are these examples the leading edge of institutional innovation or are they isolated special cases? In an attempt to answer this question, the survey asked respondents whether they were

familiar with negotiation that is “interest-based bargaining,” which is sometimes referred to as “win-win” or “mutual gains negotiating” (the quotes indicate the specific terms used in the survey questionnaire).

*Perceptions of innovative bargaining.* Both union respondents and management respondents report an awareness of interest-based bargaining techniques, as shown in the following (in percent):

#### Union Management

Aware of interest-based bargaining .....	76.1	61.9
Ever used interest-based bargaining .....	47.3	35.2
Prefer interest-based bargaining (among those who report having previously used it) ..	55.8	80.1

Among the subset of the sample who are aware of these new approaches, a strong majority report having used them (62.7 percent of union respondents and 57.5 percent of managers).

Awareness and reported use of interest-based bargaining scored high among union and management respondents, but a smaller percentage reported it as their preferred method. In fact, even though awareness and use are higher among union respondents, an even higher proportion of managers report a preference for this approach. Among those respondents who report having used the interest-based bargaining approach, 55.8 percent of union

be required before there can be broad acceptance of this approach.

Table 2 compares ratings of interest-based bargaining with those of traditional bargaining among respondents who were aware of interest-based bargaining. For union respondents, a combined total of 31.1 percent rated it as “excellent” and “very good,” compared with a combined total of 40.3 percent for the managers. By contrast, 37.8 percent of union respondents rated traditional bargaining as “excellent” and “very good,” while only 22.4 percent of managers rated traditional bargaining in these ways. These findings suggest a bipolar landscape in which negotiator preferences cluster around either traditional or interest-based bargaining approaches. In fact, the ratings of the two processes are significantly different for both union and management respondents (above the 0.001 level for two-sided Pearson Chi-Square test). Among union leaders, only 0.4 percent gave “excellent” ratings to both processes and just 10.3 percent rated both processes as “very good.” Similarly, among managers, none rated both processes as “excellent” and just 4.1 percent rated both processes as “very good.”

## Relationship after settlement

Overall, 90.3 percent of managers and 92.6 percent of union respondents reported reaching agreement in their negotiations. Because all of the cases in the sample are drawn from closed cases, the balance represents plant closings (relocations or firms going out of business), union decertifications, or accretion into other bargaining units. Among unions and managers reaching settlements, more than one-third report very cooperative relationships (38.7 percent of managers and 35.3 percent of union leaders). (See table 3.) A slightly larger group in each case report somewhat cooperative relations (44 percent of managers and 38 percent of union leaders). Over-

**Table 2. Union and management ratings of traditional and interest-based bargaining, 1993–96 round of bargaining**

[Weighted data in percent]

Rating	Traditional bargaining		Interest-based bargaining	
	Union	Management	Union	Management
Excellent .....	7.4	4.3	10.0	14.7
Very good .....	30.4	18.1	21.1	25.6
Good .....	39.5	42.9	38.8	35.7
Fair .....	17.5	22.1	22.1	18.1
Poor .....	5.2	12.6	8.1	5.8

cent of union respondents and 80.1 percent of managers report a preference for it. Given this sharp contrast in preferences among negotiators who report experience with interest-based bargaining, it suggests that some adjustment in practice will

**Table 3. Union and management perceptions of their bargaining relationship, 1993–96 round of bargaining**

[Weighted data in percent]

Relationship	Union	Management
<b>Relations:</b>		
Very cooperative .....	35.2	38.7
Somewhat cooperative .....	38.8	44.0
Somewhat adversarial .....	17.1	11.2
Very adversarial .....	5.5	4.0
<b>Nature of change:</b>		
Improving .....	29.2	28.7
Staying the same .....	64.2	62.4
Getting worse .....	6.6	8.9
<b>Pace of change:</b>		
Very quickly .....	8.2	5.7
Quickly .....	33.2	27.8
Slowly .....	53.2	56.6
Very slowly .....	5.4	9.9

all, management was significantly more likely to view the labor-management relationship as somewhat or very cooperative after settlements were made. At the other extreme, 4.0 percent of managers and 5.5 percent of union leaders report very adversarial relations, while an additional 11.2 percent of managers and 17.1 percent of union leaders report somewhat adversarial relations.

Slightly less than one-third of the respondents (28.7 percent management and 29.2 percent union) indicated that the relations between them were improving, while nearly two-thirds of the respondents (62.4 percent management and 64.2 percent union) reported that their relationship was not changing. A much smaller share of respondents (7.9 percent of managers and 5.8 percent of union leaders) perceived things as getting worse.

However, among those reporting change, a majority of union (58.6 percent) and management (66.4 percent) representatives reported that the rate of change was slow and very slow. Thus, despite the pressures on collective bargaining, the majority of labor and management representatives report that their relationships are not changing and, among those who do report change, the majority indicate that the pace of change is slow.

percent of renewal negotiations. By contrast, 28.6 percent of first contracts did not end in an agreement. Among managers, the pattern is the same, with 7.7 percent of renewal negotiations not reaching agreement and 21.4 percent of first-contract negotiations ending without an agreement.<sup>11</sup> This suggests that approximately 1 in 4 first-contract negotiation will not end in an agreement—a troubling situation for proponents of collective bargaining.

The impact of strikes is even bleaker for parties just beginning collective bargaining relationships, as indicated in the following tabulation of contract success rates:

	Union	Management
<b>Agreement without a strike:</b>		
Contract renewal ..	96.7	93.8
First contract .....	71.7	85.5
<b>Agreement with a strike:</b>		
Contract renewal	72.0	55.0
First contract .....	66.7	25.0

Overall, there were a small number of strikes, so these data need to be treated with caution. For example, there were three strikes reported by union respondents in first-contract situations and only two ended in agreements (hence the 66.7

## Impact of strikes

As mentioned earlier, strikes are more likely to occur during first-contract negotiations than during contract renewal negotiations. Furthermore, the likelihood of reaching agreement is reduced when both first-contract negotiations and strikes are involved. Specifically, among union respondents, final agreements were not reached in 5.8

percent success rate). Similarly, there were eight strikes reported by management respondents and only two ended in agreements (hence the 25.0 percent success rate). Even in renewal situations, however, we still see that only 72 percent of union leaders report negotiations involving strikes that also conclude with an agreement and even fewer agreements (55 percent) are reported by managers. We conclude that there is a strong negative impact of strikes on the likelihood of reaching agreement and that this effect is further exacerbated during first-contract negotiations.

## Collective bargaining at the crossroads

The data provided in this report provide a picture of the pressures, issues, and results dominating collective bargaining in the United States today. The results suggest that a rekindling of discussions is necessary, at policy and practitioner levels, about the future of collective bargaining as an institution. Although the cross-sectional nature of the data make it inappropriate to infer trends, the results paint a sufficiently clear picture to warrant further discussion.

While strike threats by labor have long been a feature of collective bargaining, the data suggest that management threats regarding replacement workers and plant closings are now a key part of the collective bargaining landscape. Awareness of innovative approaches to bargaining is high, but preferences differ sharply between labor and management along these lines. The nature of bargaining over first contracts is particularly troubling. Almost one-quarter of these negotiations do not produce an agreement. In general, and especially in these first-contract situations, the data show that strikes and use of replacement workers are extremely volatile tactics that increase the likelihood that no agreement will be reached. Those parties who do reach an agreement are likely to start off with highly adversarial relationships.



This does not bode well for the future of collective bargaining.

Throughout the data, significant disparities are apparent between labor and management perceptions. For example, union leaders perceive more pressures

in bargaining on a wider array of issues and are less enthusiastic about interest-based bargaining than are employers. Can we expect an institution to innovate and revitalize itself in the face of such disparate views between the major par-

ties of interest? The survey results presented here do not provide answers, but they do highlight the need for intensified discussion among those concerned about the future of collective bargaining as an institution. □

## Footnotes

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<sup>1</sup>Bureau of National Affairs, *Labour Data Book* (Washington, DC, 1997).

<sup>2</sup>The William and Flora Hewlett Foundation provided support for this research.

<sup>3</sup>This report contains the findings for the major part of the survey pertaining to labor and management views in the collective bargaining process. The survey also explored the priorities held by labor and management regarding the Federal Mediation and Conciliation Service, the designated Federal agency re-

sponsible for assisting the parties in the private sector (excluding the railroad and airline industries) and improving the processes of collective bargaining and labor-management relations. A complete report of the findings is available from the authors through Thomas Kochan, Sloan School of Management, MIT, 50 Memorial Drive, Cambridge, MA 02139.

<sup>4</sup>To observers unfamiliar with labor-management relations, it might seem odd that there could be disagreement on whether agreement was reached on a given agenda item. In fact, hundreds of labor arbitrators are kept busy on a daily basis with just such disagreements.

<sup>5</sup>On the issue of employment security, it is important to note that an earlier study of a sample of 491 Federal Mediation and Conciliation Service cases from the central Michigan region from 1988 to 1990 featured only 3 percent with any language on job security. While the data are not fully comparable, it is at least suggestive of an increased frequency of contract language on employment security.

<sup>6</sup>Richard E. Walton, Joel Cutcher-Gershenfeld, and Robert B. McKersie, *Strate-*

*gic Negotiations* (Boston, Harvard Business School Press, 1994).

<sup>7</sup>John F. Schnell and Cynthia L. Gramm, "The Empirical Relations between Employers' Striker Replacement Strategies and Strike Duration," *Industrial and Labor Relations Review*, vol. 47, 1994, p. 189.

<sup>8</sup>Note that the higher percentage of first contracts among management respondents is an important factor to consider when comparing other union and management responses.

<sup>9</sup>Peter C. Cramton and Joseph S. Tracy, "The Determinants of U.S. Labor Disputes," *Journal of Labor Economics*, no. 12, 1994, pp. 181-209.

<sup>10</sup>Joel Cutcher-Gershenfeld, Patrick McHugh, and Donald Power, "Collective Bargaining in Small Firms: Preliminary Evidence of Fundamental Change," *Industrial and Labor Relations Review*, vol. 49, 1996, p. 195.

<sup>11</sup>In both cases, the differences are significant at the 0.001 level (two-sided Pearson Chi-Square test).

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